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UNCLAS DOHA 000003

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SUBJECT: DOHA SECURITIES MARKET: THIRD QUARTER 2005

1. Summary. Qatar's stock market is keeping up with the frenetic, bullish trajectory of Gulf region stock indexes. Although the market has remained below the 12,000 trading range reached in the summer, it is up 85 percent from the beginning of the year. Speculation -- rather than value investing -- is being driven by high oil prices and the country's rosy outlook for natural gas exports. Qatar's protected economy ensures that state-sponsored industrial and service monopolies enjoy large profits. The booming real estate market has spurred the creation of public-shareholder real estate development enterprises. These have enjoyed extremely high price spikes. The Qatari Amir has used stock IPOs as a means of distributing wealth, and Qataris believe he will protect the market from a sharp downturn. Qataris are taking profits (and deflating the market) in order to raise cash for several IPOs in coming months. End Summary.

Doha Securities Market (DSM)

In compliance with Doha Securities Market Regulations, all 31 listed companies provided pre-audited financial statements covering their activities up to the end of the third quarter of 2005. Doha Securities Market (DSM) categorizes listed companies into four major groups: Banks, Insurance, Services and Industry. DSM listed companies earned \$2,376 million and average profits grew by 42 per cent over the same quarter the previous year.

The Banking Sector

The banking sector's profits grew the most in comparison with the same period last year. The sector benefits from high business margins, limited risks, limited foreign competition and a booming economy. Total profits of listed banks grew by 97 percent totaling \$841 million. The largest percentage was by Qatar International Islamic Bank with 381 percent growth and a profit of \$19.5 million, followed by Commercial Bank with 108 percent growth and a profit of \$153 million, Qatar Islamic Bank with 90 percent growth and a profit of \$102 million, Doha Bank with 85 percent growth and a profit of \$142 million, and Qatar National Bank (mainly government owned) with 74 percent growth and a profit of \$322 million, and Al-Ahli Bank with 52.8 percent growth and \$28.96 million in profits.

Insurance: Up

The Insurance sector is the second fastest-growing sector in DSM. The sector grew by 43 per cent in the quarter in comparison with the third quarter of 2004. Profits totaled \$105 million. The highest percentage was witnessed by Qatar Insurance Company with 73 percent growth and a profit of \$47 million, followed by the independent, new entrant Doha Insurance with 37 percent growth and a profit of \$6.7 million. The three other listed companies achieved growth rates from 5 to 33 percent.

Varied Performance in Services

The Services sector grew only by 5 percent bringing in profits of \$659 million. But within this category, there were enormous variations. Gulf Warehousing Company realized the huge growth rate of 1,944 percent and earned \$2.34 million. Qatar Navigation Company and Qatar Shipping Company are both doing extremely well with respectively 124 and 123 percent growth in profits, at \$72 and \$102 million. The largest profits were pulled in by telecom monopoly Q-Tel with a profit of \$234 for the quarter, which was in fact a drop of 25 percent over the previous year. Qatar Electricity and Water Company also suffered a dip in profits 20 percent. There was one loss: Al-Ahli Hospital at \$11 million.

Industry: Large but Still Growing

The Industrial sector grew by 42 percent with total profits of \$771 million. The petrochemical consortium "Qatar Industries," of which Qatar Petroleum is the major shareholder, earned the largest profits in the sector, at \$675 million. This represented a 37 percent growth rate. The highest growth percentage was recorded by United Development Company: 1,028 percent, on profits

of a more modest \$34 million.